

Disneyland's Tencennial Year 1955-1965



**WALT
DISNEY
PRODUCTIONS**

Annual Report

to shareholders
and
employees

FISCAL YEAR ENDED
OCTOBER 3, 1964

PARENT COMPANY

Walt Disney Productions
500 South Buena Vista Street, Burbank, California
Produces motion pictures for theatrical and television distribution — conducts ancillary activities and operates Disneyland Park.

DOMESTIC SUBSIDIARIES

Buena Vista Distribution Company, Inc.
Distributes, syndicates and sells only the product of Walt Disney Productions comprised of 35mm theatrical film, 16mm film, Mickey Mouse Club television shows and records and albums.

Buena Vista International, Inc.
Supervises the distribution of Walt Disney Productions foreign 35mm theatrical film, 16mm film and foreign television.

Walt Disney Music Company
Music publishing — ASCAP affiliate

Wonderland Music Company
Music publishing — BMI affiliate

Celebrities, Inc.
Bowling, swimming, dining and other family entertainment facilities.

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WALT DISNEY PRODUCTIONS

BOARD OF DIRECTORS

†Walter E. Disney	Burbank, California
*Roy O. Disney	Burbank, California
George L. Bagnall	Beverly Hills, California
*Donn B. Tatum	Burbank, California
William H. Anderson	Burbank, California
*E. Cardon Walker	Burbank, California
Gordon E. Youngman	Los Angeles, California

†Executive Producer-in-charge of all production

*Member, Executive Committee

OFFICERS

Roy O. Disney	President and Chairman of the Board
Gunther R. Lessing	Vice President, Legal
William H. Anderson	Vice President, Production and Studio Operations
E. Cardon Walker	Vice President, Advertising and Sales
Donn B. Tatum	Vice President, Administrative Assistant to President
Spencer C. Olin	Vice President, General Attorney, Talent, Properties, Copyrights and Patents
Richard T. Morrow	Vice President, General Attorney, Corporate, Finance
Bonar Dyer	Vice President, Industrial Relations
Oliver B. Johnston	Vice President, Merchandising
Joseph W. Fowler	Vice President, Disneyland Operations
Luther R. Marr	Secretary, Legal
Robert P. Foster	Assistant Secretary, Legal
Michael L. Bagnall	Assistant Secretary
Franklin Waldheim	Assistant Secretary and Eastern Counsel
Lawrence E. Tryon	Treasurer
Orbin V. Melton	Assistant Treasurer
Donald A. Escen	Assistant Treasurer
Richard L. Johnson	Assistant Treasurer

STOCK TRANSFER AGENTS: Bank of America, N.T. & S.A., Los Angeles, California; Bankers Trust Company, New York, N.Y.

STOCK REGISTRARS: United California Bank, Los Angeles, California; First National City Bank, New York, N.Y.

STOCK EXCHANGES: The common stock of the Company is listed for trading on the New York and Pacific Coast Stock Exchanges.

AUDITORS: Price Waterhouse & Co., Los Angeles, California.

ANNUAL MEETING OF STOCKHOLDERS: First Tuesday in February at the offices of the Company, 500 South Buena Vista Street, Burbank, California.

This report is distributed for the information of stockholders and employees of the Company. It is not to be considered either as a prospectus or circular in connection with the purchase and/or sale of securities nor is it to be considered a part of the proxy soliciting material of the Company for the annual meeting of its stockholders.

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To our
Shareholders and
Employees



Thanks to the splendid efforts of our fine team around the world, we have again experienced a record-breaking twelve months.

For this we are very grateful and it encourages us to look ahead with confidence, not only to the current year but to several years in the future.

MARY POPPINS has lived up to all our hopes from the critical and audience point of view.

To support it in our program of releases in 1965, we have three entirely different pictures already completed and two others well into production.

Wrapped up are:

EMIL AND THE DETECTIVES, a comedy-thriller adapted from the book by Erich Kastner, author of the original story on which THE PARENT TRAP was based. EMIL was filmed in Berlin with an international cast including Walter Slezak, Bryan Russell, Roger Mobley, Cindy Cassell, Heinz Schubert and Peter Ehrlich.

THOSE CALLOWAYS, a heartwarming story of a rugged man of the woods and his family who overcome tremendous obstacles to establish a lake sanctuary for the great wild geese flocks. Top performances are contributed by Brian Keith, Vera Miles, Brandon de Wilde, Walter Brennan, Ed Wynn and Linda Evans. Shot in Vermont, first in winter with its snowy grandeur and then in fall when the foliage is brilliant almost beyond belief, this is certainly a picture for the entire family.

THE MONKEY'S UNCLE, another way-out comedy about the adventures of experimenter Merlin Jones. This is a story loaded with visual gags and stars Tommy Kirk, Annette Funicello, Arthur O'Connell and Leon Ames.

In production now is THAT DARN CAT from the Gordon's best-selling novel. I have high hopes for this picture which brings Hayley Mills back to the Studio, starring along with a superb cast including Dean Jones, Dorothy Provine and Roddy McDowall. Others are Ed Wynn, Elsa Lanchester, William Demarest and Tom Lowell.

Our next animated feature, JUNGLE BOOK, from Rudyard Kipling's famous stories, is progressing slowly but impressively and could well be one of our best.

We are far advanced in our scripts for upcoming production. Heavy stress has been laid on comedy, adventure and music in all these stories.

In preparation are:

GNOMOBILE, based on the book by noted author, Upton Sinclair.

LT. ROBIN CRUSOE, broad visual comedy from an original story.

GOD AND MY COUNTRY, based on MacKinlay Kantor's great American story.

WENDY AND THE KOOKS, from Harlan Ware's magazine piece, "A Son-in-Law for Charlie McReady."

The HAPPIEST MILLIONAIRE, adapted from Kyle Crichton's successful play.

ODD-BALL EXPRESS, from the magazine story by Lt. Col. Ben E. Spurlack of the United States Chaplain Corps.

WISH ON THE DEVIL, adapted from the best-selling book titled "I Capture the Castle."

BULL-WHIP GRIFFIN, adapted from Sid Fleischman's book "By the Great Hornspoon."

For each of these productions we have under consideration some of the screen's top performers.

We have an outstanding line-up of shows for our "Wonderful World of Color" television program over the NBC Network. I am very pleased with the way our ratings are holding up. Color is becoming more important each day in homes throughout the country, judging by the ever-increasing sales of color sets.

We expect to welcome our 50,000,000th guest at Disneyland during 1965, and to mark the tenth anniversary of Disneyland we have planned a year-long "Tencennial" celebration during which we will introduce "Great Moments with Mr. Lincoln" as a permanent feature in the Park. More than 2,500,000 visitors viewed this inspiring presentation at the New York World's Fair.

Our plans for the Park include a new 500-seat open-sky restaurant, The Plaza Inn, which will replace the Red Wagon Inn in the Park's central hub, and good progress is being made on the New Orleans Square, which will be one of the biggest developments since the Park opened.

All these projects will inspire the imagination of our competent staffs in every creative department and I am always grateful for the unselfish cooperation of every individual in the Disney organization.

Walt Disney

The President's Letter



NET PROFIT

Consolidated net profit after taxes of Walt Disney Productions and its five wholly-owned domestic subsidiaries for the fiscal year (53 weeks) ended October 3, 1964, was \$7,057,435, representing \$3.96 per share on the 1,784,410 shares outstanding at the fiscal year end. This compares with last year's (52 weeks) net profit of \$6,574,321, equal to \$3.81 per share on the 1,727,743 common shares outstanding. Provision for income taxes of \$5,692,000 was made for 1964 and compares with \$6,100,000 for 1963.

GROSS INCOME

Gross income for the year was \$86,651,108 compared with \$81,922,127 last year, an increase of \$4,728,981. Theatrical film rentals for the year were \$37,648,132, as compared with \$40,918,923 last year. Television film rentals for the year of \$8,487,918 compared with \$8,259,723 last year. Disneyland Park and other entertainment activities for the year grossed \$32,758,226, as compared with \$25,730,940 last year. About one-half of this increase resulted from additional income at Disneyland Park. The balance is attributable to Celebrities activities and "It's a Small World" attraction at the New York World's Fair. All other income increased by \$744,291 over the prior year.

DIVIDENDS

Four regular quarterly cash dividends totaling 40¢ per share and aggregating \$707,410 were declared during the year and paid to stockholders January 18, April 1, July 1 and October 1, 1964. On January 18, 1964, a 3% stock dividend, declared November 14, 1963, was paid to stockholders of record December

18, 1963, pursuant to which 51,844 shares of common stock were issued. The Board of Directors at their regular quarterly meeting held on November 20, 1964, declared a quarterly cash dividend of 10¢ per share and a 3% stock dividend, each payable January 1, 1965, to stockholders of record December 3, 1964.

FINANCIAL

On September 15 of this year we paid the Prudential Insurance Company of America \$2,500,000 against our long-term obligation with them. This makes \$5,000,000 paid during the past two years, reducing the balance to \$10,000,000.

* * *

One of our most important financial transactions of the year was the recently completed negotiations with WED Enterprises, Inc. to acquire from it the patents and rights covering AUDIO-ANIMATRONICS created and developed by WED and WED's rights and interests in the New York World's Fair shows which it created for General Electric, Ford and the State of Illinois. We believe that these new entertainment techniques will be most significant in the future development and diversification of our company. Already major plans are under study which will utilize such know-how. The proposed Purchase Agreement with WED also provides for the acquisition by the company of WED's architectural and design organization and for certain amendments to the existing agreement between WED and the company under which the company has certain rights to use and license others to use Walt Disney's name. This Purchase Agreement is subject to the approval of

the stockholders of the company and is described in more detail in the Proxy Statement which is being sent to each stockholder in connection with the forthcoming annual meeting of stockholders.

STOCK OPTION AND PARTICIPATION

During the year just ended, 4,823 shares of common stock of the company were issued to 32 key employees for a total amount of \$146,029. This compares to 2,694 shares issued to 28 key employees last year for a total amount of \$84,825.

In last year's annual report we commented on the participation plan under which five of the company's key creative employees were granted the opportunity to purchase a 1% interest in certain live-action theatrical motion pictures to be produced by the company. During the year 1964 one additional employee was granted the opportunity to participate. Each participating employee is required to pay the company 1% of the cost of each picture.

Additional information on both the stock option and the participation of these key creative employees is included in the Proxy Statement.

MARKETING AND SELLING

We continue to seek new and improved ways to market our product around the world. In the United States and major foreign countries, we distribute our theatrical motion pictures through our wholly-owned subsidiaries at substantially lower costs than such services can be purchased from others.

TELEVISION

As reported in the interim letter to stockholders, our agreement with the National Broadcasting Com-

pany to telecast "Walt Disney's Wonderful World of Color" has been extended and is now in effect through the television year ending in September, 1966.

The Mickey Mouse Club television show is now in the third and final year of syndication in major markets throughout the United States. New material has been produced for the current year's show to further enhance its entertainment quality. It continues to have value to our motion pictures, merchandising, publishing and phonograph record activities. Syndication is handled through our wholly-owned company, Buena Vista Distribution Co., Inc., and is going well.

We are considering plans to bring back to the television screen in the Fall of 1965 our Zorro television shows. All the Zorro television series are one-half hour shows in black and white, and have not appeared on the television screen since the 1957-58 and the 1958-59 seasons.

Although television does not contribute substantially to the earnings of the company, it continues to be important in the promotion and selling of our theatrical product in the United States and abroad.

DISNEYLAND PARK AND OTHER ENTERTAINMENT ACTIVITIES

For the year just ended, attendance at Disneyland totaled 5,933,847, as compared with 5,643,398 guests last year. Over 46,000,000 guests have enjoyed Disneyland since the opening day in July 1955.

The current year 1965, the tenth anniversary of "Walt Disney's Magic Kingdom", has been designated as Disneyland's Tencennial year. Plans are for a year-long anniversary with special events and activ-

ities taking place throughout the year. The event will begin on January 3, with a special "Walt Disney's Wonderful World of Color" television show over the NBC Television Network.

As commented on in Walt Disney's letter we plan to bring to Disneyland "Great Moments with Mr. Lincoln". This highly successful New York World's Fair attraction will be ready for summer 1965 guests. In addition, we plan to have completed for the coming summer the Plaza Inn, something new and exciting for eating pleasure.

Celebrity Sports Center, in Denver, Colorado, continues to be well accepted by patrons throughout the Rocky Mountain area. However, bowling, in general, is down throughout the country. While this adversely affected the operation this year, we are confident this diversified activity will accrue benefits to the company in the years ahead.

Another important development during the year was our entry into the New York World's Fair. Under an agreement with Pepsi-Cola, the company designed, constructed and operated the Walt Disney's "It's a Small World" show for Pepsi-Cola. Operation of this attraction will continue next year, the final season of the Fair. During the first season at the Fair this show was viewed and enjoyed by almost 5,000,000 people, representing approximately 18% of the total guests attending the Fair. Plans are now under way to move this attraction to Disneyland after the close of the Fair next fall.

OTHER INCOME

The names, characters, music and other creative values flowing from our theatrical motion pictures, television shows and Disneyland Park are marketed

and exploited by divisions, wholly-owned subsidiaries or agents of the company in practically every country of the world.

Our Phonograph Record Division continues to grow in volume and profit. This phase of our business is closely coordinated with the release of our theatrical pictures, proving most effective in the exploitation and promotion of our product.

Walt Disney's newspaper comic strips continue their 34th year of uninterrupted daily and Sunday publication in the world's newspapers. These comic strips appear in approximately 1,000 newspapers of the world.

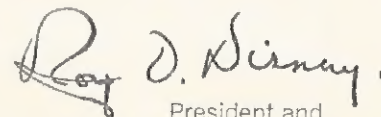
Our Publications and Character Merchandising Divisions continued to enjoy a very successful year.

* * *

We are particularly pleased with the way MARY POPPINS has been and continues to be accepted by the theatre-going public. While it is too early to make an estimate of the picture's ultimate gross income, based on its performance in some seventeen key cities to date, MARY POPPINS will be, by a wide margin, the highest grossing picture in the history of the company. General release of the picture starts in January 1965.

The current year will be another good year for the company.

December 4, 1964


President and
Chairman of the Board

WALT DISNEY PRODUCTIONS

CONSOLIDATED BALANCE SHEET

Assets

CURRENT ASSETS

	October 3 1964	September 28 1963
Cash	\$ 2,653,925	\$ 3,695,594
Accounts receivable	2,742,028	3,354,532
	<u>5,395,953</u>	<u>7,050,126</u>
Inventories, at the lower of cost or market (note 2)		
Productions in process	10,830,987	13,664,270
Completed productions, less amortization	12,341,914	11,059,449
Story rights and pre-production costs	1,245,824	882,336
Merchandise, materials and supplies	1,905,382	1,669,753
Total inventories	<u>26,324,107</u>	<u>27,275,808</u>
Total current assets	<u>31,720,060</u>	<u>34,325,934</u>

OTHER ASSETS

Investments in foreign subsidiaries not consolidated (note 1)	164,423	99,368
Other investments	440,362	331,140
Cash surrender value of insurance on lives of officers	558,746	508,470
Sundry other assets and deferred charges	693,113	576,271
	<u>1,856,644</u>	<u>1,515,249</u>

PLANT AND EQUIPMENT, AT COST

Studio, Disneyland Park and other depreciable assets (note 4)	54,126,571	46,293,266
Less — Accumulated depreciation	26,284,417	21,589,962
	<u>27,842,154</u>	<u>24,703,304</u>
Land	6,463,796	6,275,692
	<u>34,305,950</u>	<u>30,978,996</u>
	<u>\$67,882,654</u>	<u>\$66,820,179</u>

AND DOMESTIC SUBSIDIARIES

Liabilities and Stockholders Equity

CURRENT LIABILITIES

	October 3 1964	September 28 1963
Current portion of long term note	\$ 1,250,000	\$ 1,250,000
Accounts payable	3,051,249	4,323,983
Advance under contract	1,000,000	1,000,000
Payroll and employee benefits	1,881,566	2,028,111
Property, social security and other taxes	1,731,332	1,882,108
Estimated federal income taxes (note 4)	4,584,606	5,720,019
Total current liabilities	<u>13,498,753</u>	<u>16,204,221</u>

UNEARNED DEPOSITS AND RENTALS	<u>1,588,916</u>	<u>1,840,518</u>
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LONG TERM LIABILITIES

Unsecured note, less current portion (note 3)	8,750,000	11,250,000
Deferred compensation	701,163	547,672
	<u>9,451,163</u>	<u>11,797,672</u>

ESTIMATED DEFERRED FEDERAL INCOME TAXES (note 4)	<u>1,850,000</u>	<u>1,980,000</u>
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STOCKHOLDERS EQUITY

Invested capital per accompanying statement (note 6)	19,340,377	16,992,236
Accumulated earnings per accompanying statement (notes 3 and 6)	22,153,445	18,005,532
	<u>41,493,822</u>	<u>34,997,768</u>
	<u>\$67,882,654</u>	<u>\$66,820,179</u>

See notes to the financial statements on pages 8 and 9

Consolidated Statement of Income

Year Ended

INCOME (note 7)

	October 3 1964	September 28 1963
Theatrical films	\$37,648,132	\$40,918,923
Television	8,487,918	8,259,723
Disneyland Park and other entertainment activities	32,758,226	25,730,940*
Publications, character merchandising, music and records	7,756,832	7,012,541*
Total income	<u>86,651,108</u>	<u>81,922,127</u>

COSTS AND EXPENSES

Amortization of theatrical and television production costs (note 2)	14,520,450	16,145,734
Distribution costs — prints, advertising, etc.	15,477,171	15,471,499
Costs of Disneyland Park and other entertainment activities	25,967,233	20,623,488*
Costs applicable to other income	5,820,753	4,968,218*
General, administrative and selling expenses	10,234,079	10,145,477
Interest	804,591	1,170,132
Stories and pre-production costs abandoned	1,077,396	723,258
Estimated federal income taxes (note 4)	5,692,000	6,100,000
Total costs and expenses	<u>79,593,673</u>	<u>75,347,806</u>

NET INCOME FOR THE YEAR	<u>\$ 7,057,435</u>	<u>\$ 6,574,321</u>
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EARNINGS PER SHARE	\$ 3.96	\$ 3.81
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*These amounts have been restated for comparative purposes.

See notes to the financial statements on pages 8 and 9

Opinion of Independent Accountants

PRICE WATERHOUSE & CO.

To the Board of Directors and Stockholders of Walt Disney Productions

In our opinion, the accompanying consolidated balance sheet and the related statements of consolidated income and stockholders equity present fairly the financial position of Walt Disney Productions and domestic subsidiaries at October 3, 1964 and the results of their operations for the year (53 weeks), in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Los Angeles, California
December 4, 1964

Stockholders Equity

	Year Ended	
	October 3 1964	September 28 1963
INVESTED CAPITAL		
Balance at beginning of year	\$16,992,236	\$15,584,211
Market value of shares issued as stock dividend (1964: 51,844; 1963: 50,245) (note 6)	2,202,112	1,323,200
Proceeds from exercise of stock options (1964: 4,823; 1963: 2,694 shares) (note 6)	146,029	84,825
Balance at end of year	<u>19,340,377</u>	<u>16,992,236</u>
ACCUMULATED EARNINGS		
Balance at beginning of year	18,005,532	13,439,525
Net income for the year	7,057,435	6,574,321
Less — Dividends paid		
In cash	(707,410)	(685,114)
In stock	(2,202,112)	(1,323,200)
Balance at end of year (notes 3 and 6)	<u>22,153,445</u>	<u>18,005,532</u>
 TOTAL STOCKHOLDERS EQUITY	 <u>\$41,493,822</u>	 <u>\$34,997,768</u>
REPRESENTED BY		
Common shares (\$2.50 par value)		
Authorized	3,000,000	3,000,000
Issued and outstanding	1,784,410	1,727,743

See notes to the financial statements on pages 8 and 9

Notes to the Financial Statements

Note 1 Principles of Consolidation

The accounts of domestic subsidiaries, all wholly-owned, have been consolidated in the accompanying financial statements and all significant intercompany transactions have been eliminated. The domestic subsidiaries are the same as at September 28, 1963.

The accounts of foreign subsidiaries have not been consolidated. These companies produce and distribute pictures, carry on the company's character merchandising business and publish music in various foreign countries. At October 3, 1964 these subsidiaries had total assets of \$2,375,000 and net assets of \$789,000. The company's equity in these net assets exceeded the carrying value of its investments therein by approximately \$626,000. During the year ended October 3, 1964 the net income of these unconsolidated subsidiaries amounted to approximately \$179,000 and the dividends received from them totaled \$9,000.

Note 2 Inventories and Amortization

Costs of completed theatrical and television productions are amortized by charge to the income account in the proportion that the producer's share of income (less distribution, print and advertising costs) received by the company for each production bears to the estimated total of such income to be received. Such estimates of total income are re-

viewed periodically and amortization is adjusted accordingly.

Note 3 Long Term Liabilities

The unsecured note is payable in installments from 1965 to 1972 with interest payable currently at 5.9% per annum. The agreement underlying the note contains a minimum working capital requirement of \$15,000,000 for the company and its domestic subsidiaries. The loan agreement also contains provisions under which \$10,873,886 of the \$22,153,445 accumulated earnings at October 3, 1964 is restricted as to the payment of cash dividends.

Note 4 Estimated Federal Income Taxes

As the result of substantial additions to plant and equipment in fiscal 1964 the current year's provision for estimated federal income taxes has been reduced by \$454,000 representing the full amount of the investment tax credit relating to these additions. The 1964 provision also has been reduced by \$314,000 representing investment tax credits on Disneyland Park additions in 1962 (\$182,000) and 1963 (\$132,000) which the company now has determined will result in permanent tax reductions for those years.

The company's returns for the fiscal years 1957 through 1962 are currently under examination. Provision has been made in the financial statements for

all additional taxes believed to be payable for all open years.

Since inception, depreciation on Disneyland Park assets has been computed on the double declining balance method for federal income tax purposes and on the straight line method for financial statement purposes. The excess of the aggregate provisions for federal income taxes over the liabilities shown on tax returns covering Disneyland operations for years through October 3, 1964 is included under the caption "Estimated Deferred Federal Income Taxes" in the accompanying balance sheet.

Note 5 Pension Plans

In 1963 the company adopted a pension plan for qualified employees of Walt Disney Productions and its domestic subsidiaries. The plan is funded by company and employee contributions to a trust administered by a bank. The unrecorded liability for past service costs has been actuarially computed at \$965,000 as of October 3, 1964. During the current year a total of \$339,000 was charged to expense, of which \$121,000 was for past service costs.

The company also contributes to various union and industry pension plans, for which all past service costs have been paid.

Note 6 Stockholders Equity

Under the provisions of the company's stock in-

centive plan, 98,399 shares of authorized but unissued common stock are reserved for issue to executive and management personnel at prices not less than 95% of the fair market value of the stock at the date of granting the option (adjusted for stock dividends paid). Options expire five years from the dates granted and are exercisable in equal annual installments commencing one year after the date granted. The number of shares under options outstanding, after increases to reflect the 3% stock dividends paid in 1963 and 1964, was as follows:

Option Price per Share	September 28, 1963		Exer- cised in 1964	October 3, 1964	
	Out- standing	Exer- cisable		Out- standing	Exer- cisable
\$32.90	87,258	21,221	3,194	84,064	40,035
\$25.41	15,964	3,472	1,629	14,335	6,001
	<u>103,222</u>	<u>24,693</u>	<u>4,823</u>	<u>98,399</u>	<u>46,036</u>

A 3% stock dividend declared on November 14, 1963 was paid on January 18, 1964 to holders of record on December 18, 1963. This resulted in a \$2,202,112 transfer to invested capital from accumulated earnings. A 3% stock dividend was declared on November 20, 1964, payable January 1, 1965 to holders of record on December 3, 1964.

Note 7 Method of Accounting for Revenue

The company records foreign income at the time of receipt of remittances in United States dollars or at the time of expenditures of foreign currencies

abroad for the account of the company. At October 3, 1964 and September 28, 1963, there were at current rates of exchange approximately \$2,420,000 and \$2,650,000 (before film production cost amortization and income taxes) of currencies in foreign countries representing income which has not been recorded as assets or as income in the accompanying statements.

Note 8 Commitments

The company has entered into a proposed agreement subject to approval by stockholders to acquire certain assets and organization of WED Enterprises, Inc.

A TEN YEAR SUMMARY

IN THOUSANDS OF DOLLARS

FISCAL YEARS ENDED SEPTEMBER 30	1964	1963	1962	1961	1960
OPERATIONS:					
Total income	86,651	81,922	75,612	70,248	50,931
Costs and expenses					
Amortization of production costs	14,520	16,146	15,586	19,226	14,619
Interest	805	1,170	916	1,575	1,497
Other costs and expenses	58,577	51,932	48,196	39,659	37,322
Estimated federal income taxes	5,692	6,100	5,650	5,322	(1,300)
Total costs and expenses	79,594	75,348	70,348	65,782	52,138
Minority interest in net income of Disneyland, Inc.					135
Net income (loss)	7,057	6,574	5,264	4,466	(1,342)
Net income (loss) per share	3.96	3.81	3.14	2.75	(.83)
Number of common shares	1,784	1,728	1,675	1,626	1,626
FINANCIAL CONDITION:					
Current assets	31,720	34,326	31,921	31,648	38,840
Current liabilities	13,499	16,204	14,861	15,466	21,278
Net working capital	18,221	18,122	17,060	16,182	17,562
Plant and equipment less accumulated depreciation	34,306	30,979	30,193	25,005	26,511
Other assets	1,857	1,515	1,469	2,469	746
Unearned deposits and rentals	(1,589)	(1,840)	(2,273)	(2,071)	(2,087)
Long term liabilities	(9,451)	(11,798)	(15,505)	(15,360)	(20,397)
Minority interest in Disneyland, Inc.					
Estimated deferred federal income taxes	(1,850)	(1,980)	(1,920)	(1,800)	(1,725)
Stockholders equity	41,494	34,998	29,024	24,425	20,610
Net worth per common share	23.25	20.26	17.33	15.02	12.68
STOCKHOLDERS EQUITY REPRESENTED BY:					
Invested capital	19,340	16,992	15,584	13,808	13,808
Accumulated earnings	22,154	18,006	13,440	10,617	6,802
Total stockholders equity	41,494	34,998	29,024	24,425	20,610

1959	1958	1957	1956	1955
58,432	48,577	35,778	27,565	24,639
19,402	13,726	12,284	11,327	12,692
989	560	339	489	435
30,323	26,365	15,380	11,285	9,009
3,900	3,925	3,850	1,841	1,150
54,614	44,576	31,853	24,942	23,286
418	136	276		
3,400	3,865	3,649	2,623	1,353
2.15	2.51	2.44	2.01	1.04
1,581	1,537	1,494	1,306	1,306
35,945	30,401	23,838	18,990	14,715
22,626	15,032	15,091	14,323	11,914
13,319	15,369	8,747	4,667	2,801
21,899	18,275	17,124	3,466	3,560
864	684	749	4,702	3,360
(1,785)	(2,382)	(2,361)	(729)	(588)
(6,266)	(6,591)	(2,373)	(593)	(244)
(1,633)	(1,215)	(1,079)		
(2,000)	(1,935)	(1,825)		
24,398	22,205	18,982	11,513	8,889
15.43	14.45	12.71	8.82	6.81
12,710	11,281	10,268	6,000	6,000
11,688	10,924	8,714	5,513	2,889
24,398	22,205	18,982	11,513	8,889

	Year Ended	
	October 3 1964	September 28 1963
FUNDS AVAILABLE		
Net income	\$ 7,057,435	\$ 6,574,321
Depreciation of plant and equipment	6,459,445	3,692,450
Proceeds from exercise of stock options	146,029	84,825
	<u>\$13,662,909</u>	<u>\$10,351,596</u>
FUNDS APPLIED		
Additions to plant and equipment	\$ 9,787,749	\$ 4,548,691
Payment on Prudential long term note	2,500,000	2,500,000
Increase in current portion of Prudential long term note		1,250,000
Cash dividends	707,410	685,114
Other	568,156	306,535
Increase of working capital	99,594	1,061,256
	<u>\$13,662,909</u>	<u>\$10,351,596</u>

"Disneyland will never be completed. It will continue to grow, to add new things, as long as there is imagination left in the world."

Walt Disney made this statement on the mid-July day when Disneyland opened in 1955. Since then, his promise has become the Park's operating philosophy, carrying it to its position as the World's most famous and popular entertainment center.

Disneyland today is as fresh and unique, even to frequent visitors, as it was the day it opened nearly a decade ago. This accomplishment is due to that constantly changing world of Disneyland, promised by Walt. New attractions, improvement of old favorites, specially staged events—even the ever-varying landscape—contribute to the Park's own special brand of dynamics.

Conversion of imagination into dream-like reality has become a Disneyland trait, making the Park an irresistible magnet to people from every state in the union and more than 100 nations, to 11 kings and queens, 23 heads of state, 25 princes and princesses...and to more than 45 million others who always become monarchs of merriment in the "Magic Kingdom."

Through the years, the initial 22 attractions and the original \$17 million investment have grown to 47 major adventures with a total evaluation of \$50.1 million—proof that Walt's promise of an always-new Disneyland has held true.

Some of the highlights of the Disneyland diary to date would certainly include...



1955

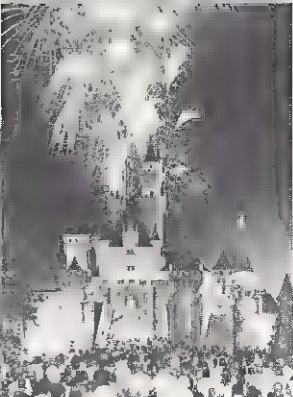
Disneyland opened its doors and immediately made entertainment history.

At the end of its first seven weeks of operation, the Park welcomed its one-millionth guest...



1956

Storybook Land presented its own special kind of enchantment for the first time... and guests viewed the "Magic Kingdom" from the heights of the thrilling Skyway aerial tramway...



1957 *Tom Sawyer Island's barrel and suspension bridges, caves and unique rock formations made every visitor a Mark Twain character. Summer evenings took on new meaning with the spectacular "Fantasy in the Sky" . . .*



1958 *First guests were piped aboard the good ship "Columbia," exact replica of the first vessel to circle the globe. Meanwhile, visitors were awed by the magnificent Grand Canyon Diorama . . .*





1959

This was the greatest year for expansion in Disneyland's history. Included in the \$7 3 million additions were the Disneyland-Alweg Monorail, Matterhorn Mountain and bobsled runs, two Autopia Freeways, Motor Boat Cruise and the flotilla comprising the Submarine Voyage . . .

1960

The charm of Walt Disney's award-winning True-Life Adventures took on three-dimensional form as 204 figures of animals, birds and reptiles became residents of Nature's Wonderland . . .





1961

"Unidentified Flying Objects" settled at Disneyland, permitting guests to pilot their own Flying Saucers . . . and Grad Nite became a Disneyland institution . . .



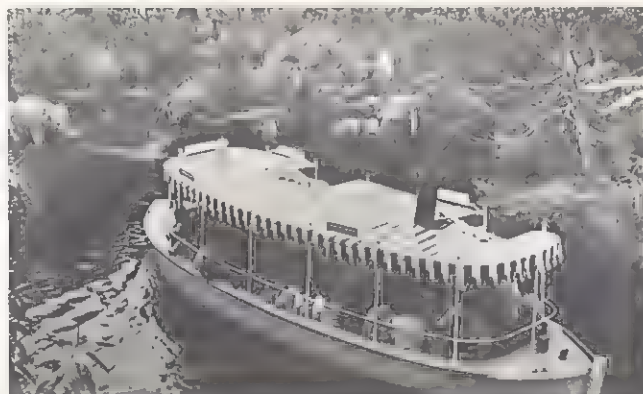
1962

Exotic cuisine served amid the color of the South Seas was offered in the inviting Tahitian Terrace. The inventiveness of the Swiss Family Tree House delighted guests . . .



1963

Walt Disney's "Enchanted Tiki Room" launched an entirely new entertainment era as its birds, flowers and tiki gods came to life through the wizardry of "Audio-Animatronics" . . .



1964

Adventureland welcomed new inhabitants with additions to the elephant bathing pool, the completion of the African Veldt region and the introduction of the hilarious "Trapped Safari" . . .



And in 1965 . . .

Disneyland will blow out its 10th birthday candles with a year-long gust of revelry and history-making events.

Chosen for the Park's Tencennial Celebration is a personification of Disneyland's world famous spirit of friendliness and happiness — Julie Reihm. As "Miss Disneyland," she will play an important role in the Tenth Anniversary observance throughout 1965. Miss Reihm will travel to most of the 50 United States and many foreign lands. Current plans call for a European tour followed by trips to South America, Canada and the Far East.

She will meet the people from all walks of life extending an invitation to the many special Tencennial events at Disneyland and bringing a personal touch of Disneyland to those she meets.

"...Disneyland will never be completed..."

*Walt's promise takes on new meaning in 1965
with the opening of two major additions
— the "GREAT MOMENTS WITH MR. LINCOLN" show
and the nostalgic PLAZA INN RESTAURANT.*

Great moments with Mr. Lincoln

One of the top attractions during the 1964 season of the New York World's Fair, "Great Moments with Mr. Lincoln" will provide a personal experience with history when it opens next year in Disneyland's Town Square. It will also continue to offer its dignity and important message to the Fair-goers throughout the International Exhibition's 1965 season.

Special techniques of three-dimensional animation ("Audio-Animatronics"), projection, staging and stereophonic sound combine to create the Lincoln show. At times, through the use of sound speakers located throughout the auditorium, the audience itself seems to participate in the proceedings... as though they are in the crowd at one of Mr. Lincoln's speeches.

Lincoln first appears seated in thoughtful dignity. But as the narrator introduces his address, he "comes to life." Apparently immobile moments before, he rises to his feet and speaks, delivering his address with complete coordination of movements and speech... and many mannerisms of the 16th President.

Main Street's Opera House is now being readied for the show which features Walt's amazingly life-like, three-dimensional figure of the Great Emancipator. The theater will accommodate an audience of 500 for each 12-minute show.

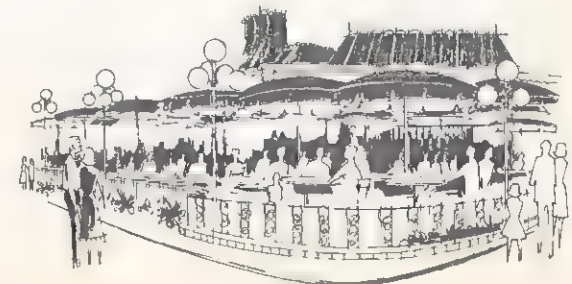


**The
Plaza Inn**



Colorful Victorian decor and convenient buffet dining will be brought to Disneyland next summer with the opening of the Plaza Inn, which will replace the Red Wagon Inn on Main Street Plaza.

Lavish use of rich red brocades, gleaming crystal and dramatic stained glass will recreate the grand Victorian atmosphere in the antique-studded foyer and two large dining rooms. This theme will also be picked up on two peripheral dining porches and a pair of umbrella-punctuated dining terraces.







New Orleans Square

New Orleans' unparalleled color, atmosphere and historic interest will be captured for Disneyland's New Orleans Square, now well along in the planning stage, which will be the largest attraction at the Park.

Bewitching streets, intimate courtyards, inviting shops, and restaurants fragrant with traditional French-Louisiana cuisine will be embroidered with lacy iron grillwork. It will offer Mardi Gras' merriment the year-round.

New Orleans Square will be the port of debarkation for an exciting cruise along the Spanish Main. Guests will board picturesque "bateaux" (small boats), glide through the quiet beauty of a Louisiana lagoon and rush headlong into high adventure with "The Pirates of the Caribbean". Hundreds of black-hearted buccaneers, caught red-handed ransacking a town, and scores of terrified residents will live again through the magic of "Audio-Animatronics".



The Haunted Mansion



Eerie but humorous. Mysterious but delightful. Foreboding but irresistible.

Disneyland's Haunted Mansion will be a house of mixed emotions for guests who dare to enter its portals. Residents, literally from "out of this world", will take great delight in coming from nowhere to welcome mortals.

No gathering place for the denizens of devilment anywhere will offer the excitement and unbelievable goings-on of Disneyland's phantom-phantasy in the Haunted Mansion.



It's a Small World

"It's a Small World", Walt Disney's scintillating personal salute to children everywhere, will radiate its inimitable charm from Disneyland after the show completes its second season at the New York World's Fair.

Termed "the happiest globe-girdling cruise that ever sailed", the boat ride through the sparkling world of children has more than 100 countries on its itinerary.

More than 500 delightful figures of children, animated by "Audio-Animatronics", join with animals, flowers, toys and other inhabitants of their special world to sing, dance and play musical instruments for "Small World" visitors.



Poppins' Hot 20G,

Pitt; 'Topkapi' 10G

Pittsburgh, Pa.
Halloween put a damper
here Saturday (31)
day Poppins" at the
led for a boff first
big ten wicket

'Lady' Record 35G,

Hub; 'Poppins' 33G

Boston, Nov. 3.

With opening fare being pushed
up with overflow crowds, first run
in excellent shape this ses-

MARY POPPINS is...

L.A. Lively; 'Lady' Capacity \$44,000

In 6 Days, 'Horse' Fancy 27G, 'Set'

3G; 'Poppins' Wow \$28,700, 10th

Mishkin) (20th wk). This round
ending today (Wed.) is heading for
great \$7,500 or near after \$8,500
in 19th wk.

'Poppins' New High 30G,
Det.; 'Lovers' Mild 10G;

'Topkapi' Wow 16G, 2d

Detroit, Oct. 20.
Mary Poppins" giving a ter-
shot to lagging first-
heading for a new
first session at the
young Lovers" sh-
outing at the
newie,

Angeles, Nov. 3.
re currently are
vice pace, bolstered
f "My Fair Lady,"
ng a great \$44,000

mates Are Net
gross estimates as re-
erewith f-
citi-

CHINESE

WALT
DISNEY'S

MARY POPPINS

JULIE ANDREWS
DICK VAN DYKE
TECHNICOLOR

CHINESE

MARY POPPINS



'Supercalifragilisticexpialidocious!'

'Poppins' Perks Philly Biz, Huge 32G;
'Fail' Smash 15G, 'Topkapi' 11G, 2d

A record-breaking engagement at Grauman's Chinese Theatre, launched by one of the most exciting and glamorous world premieres in Hollywood's history, set the stage for sixteen other pre-release engagements throughout the United States and Canada. Radio City Music Hall, New York's home of "Mary Poppins," was the next showcase to enjoy a record-shattering run and glittering benefit premieres in San Francisco, Chicago, Detroit, Philadelphia, Washington, Denver, Boston, Atlanta, Dallas, Houston, St. Louis, Pittsburgh, Salt Lake City, New Orleans and Toronto launched this most widely acclaimed of all Walt Disney motion pictures for extended engagements that immediately sent all past boxoffice records toppling. In all openings, "Mary Poppins" proved to be not only magical entertainment but a magical attraction.

Philadelphia, Oct. 27.
 "Mary Poppins" is credited with
 ing new life to midtown first-
 here as overflow from 1,200
 Midtown helps nearby ho-
 tel "Penny Opera" is ratece
 1,200.

Wartfield (FWC) (2,656; \$2)—
 "Fate Is Hunter" (20th). Fair \$13,-
 000 or close. Last week, "Behold
 Pale Horse" (Col), \$9,500.

'POPPINS' GIANT 29G,
DENVER; 'WEST' 17G, 85

Denver, Oct. 27.
 With "Mary Poppins" opening
 his stanza at the Aladdin and
 "How West Was Won" winding up
 its marathon run at the Cooper
 both

18G, D.C.; 'Poppins'

Smash \$25,000, 'Love' Rousing 16G

Washington Oct. 27. [Okay \$8,000 after \$14,000 fo.

New Films Tilt Chi; 'Poppins' Mighty
\$55,000, 'Topkapi' Wow 19G, 'Hunter'
Boffola 18G, 'Invasion' Fancy 22~

'Poppins' Mighty
\$30,000, Frisco

New entries
 \$23 ness back
 100 rounds at five
 100

'Poppins' Boffo \$25,000, New Toronto
Ace; 'Love' 30G; 'Topkapi' Tall 13G, 2

Toronto, Oct. 27.
 Standout newcomer this session
 is "Mary Poppins," which is head-
 ing for a boffo week at the Holly-
 wood. Also new
 playing some
 mild

ST. LOUIS
 (Continued from Page 10)

...and opening in 100
new key cities throughout
the country early in '65

New Product Boosts B'way; 'Poppins'
Wham \$200,000, 'Bondage' Brisk 37G,
'Luck' 13G; 'Topkapi' Giant 69G, 20

Several new bills, ranging from
 lusty to boffo, along with some
 smash
 yesterday (Tues.) was very
 will help Broad- \$11,000. "Fall of Roman
 Several (Par) subrun; opens C
 Palace RKO) 1,64
 "leopatra"

'Poppins' Wham \$25,000,
St. Loo; 'Flowers' 16G, 2d

St. Louis, Oct. 27.
 City is loaded with holdovers
 and biz reflects it.
 to do any real biz

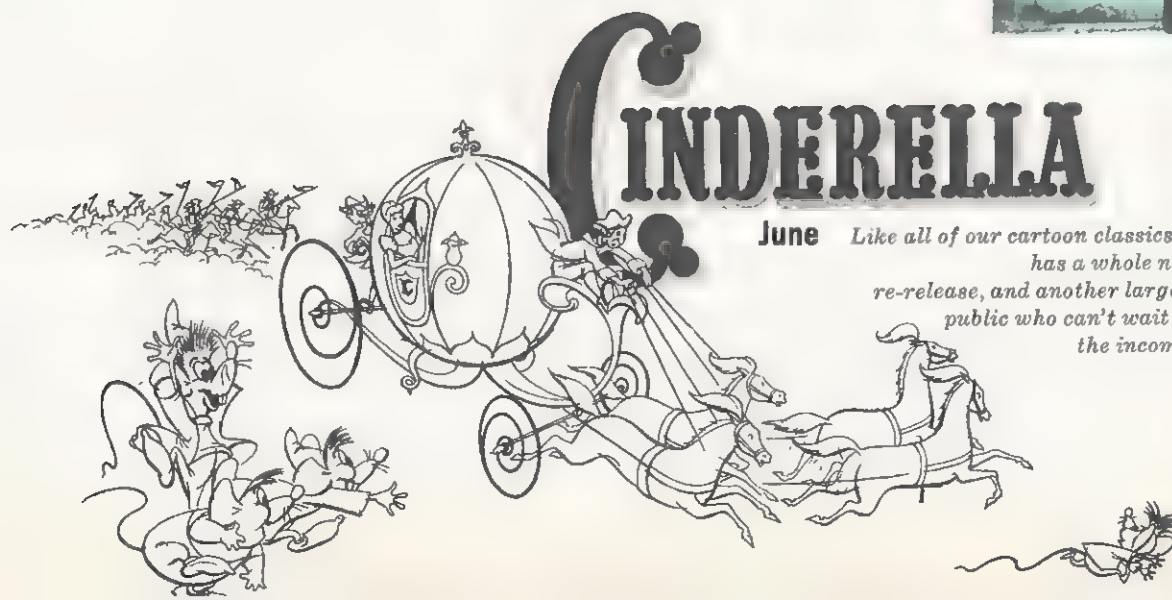
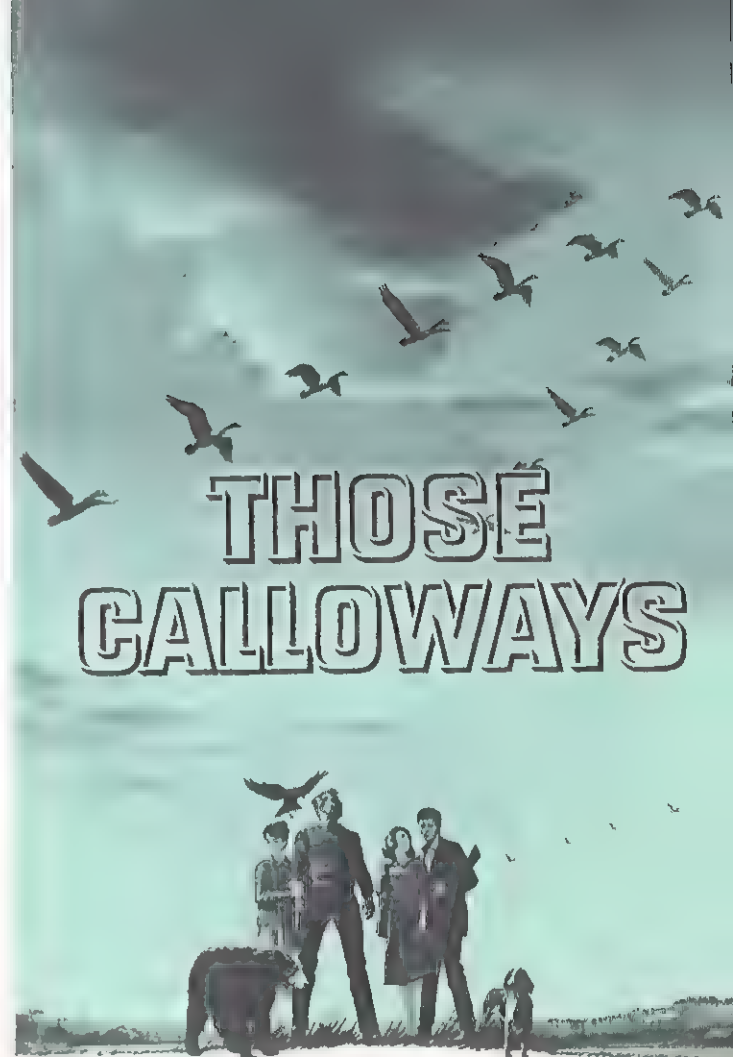


Christmas '64

This delightful and exciting tale by Erich Kastner, author of "The Parent Trap," follows two talented youngsters, Bryan Russell and Roger Mobley, and their young 'detective' force on the trail of petty crook Walter Slezak and his cohorts in modern day Berlin.

February

This is the stirring tale of a simple woodsman and his proud family who put everything they own on the blocks to protect the great flocks of wild geese that cross their sky. Brian Keith, Vera Miles and Brandon de Wilde bring to life the unforgettable Calloway family.



June

Like all of our cartoon classics, "Cinderella" has a whole new audience awaiting its re-release, and another large segment of the public who can't wait to once again thrill to the incomparable animated feature.

1965's great line up of motion picture product

1965 should be a banner year for Walt Disney motion pictures, considering the quality of the product to be released. Along with "Mary Poppins," which, of course, will be our mainstay, we will release four outstanding new features, and will re-release our classic cartoon feature, "Cinderella."

The colorful and exciting "Emil and the Detectives" will hit the nation's theatres at Christmastime along with a Technicolor featurette, "The Tattooed Police Horse."

Then, in late January and early February, "Those Calloways," starring Brian Keith, Vera Miles and Brandon de Wilde, will go into general release, with a very funny nature featurette, "A Country Coyote Goes Hollywood."

"Cinderella" is certain to be a big success in its June release, and then in July and August comes Walt's sequel to last year's immensely successful, "The Misadventures of Merlin Jones," called "The Monkey's Uncle." Popular Annette and Tommy Kirk again head up the top talented cast.

Christmas, 1965, is sure to be a merry one with "That Darn Cat" showing throughout the nation. The suspense-comedy stars Hayley Mills, Dean Jones, Dorothy Provine and Roddy McDowall.

Other features in work include "Jungle Book," "Lt. Robin Crusoe," "God and My Country," "A Son-in-law for Charlie McCready," "Bullwhip Griffin," "The Gnomobile" and "The Happiest Millionaire."



This wacky, offbeat comedy has everything — including Annette and Tommy Kirk — to delight audiences who like their movie fare on the madcap side. In the story, mental marvel Merlin Jones first invents a wacky sleep-teaching device, then tries to solve the problem of man-powered flight. The results are hilarious.



Christmas '65

Comedy, suspense, romance and mile-a-minute action make for Disney family entertainment at its best as a wily feline leads Hayley Mills, Dorothy Provine, Roddy McDowall and FBI man Dean Jones on a merry chase in this hilarious Technicolor feature.



THAT DARN CAT





Ida, the Off-beat Eagle



Hans Brinker or the Silver Skates

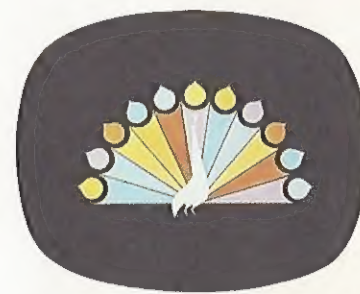
Robin Hood



An Otter in the Family



Chico, the Misunderstood Coyote



TELEVISION

**Wonderful
World of
Color**



Johnny Tremain



Disneyland 10th Anniversary



Kilroy

The general appeal of "Walt Disney's Wonderful World of Color" is evident in its continued popular reception among family audiences and its being instrumental again this year in fostering the further increase in color set sales.

Walt's fourth season with NBC and his eleventh year in television has still a bright array of stellar programming lined up for the remainder of the year.

The public response to more fully developed stories such as last season's three-parter, "The Scarecrow of Romney Marsh" prompted this year's successful western comedy, "The Tenderfoot" with Brian Keith, Brandon de Wilde and James Whitmore, told also in three hourly installments.

Coming up is another, "Gallegher," starring Edmond O'Brien, Roger Mobley and Jack Warden, about the adventures of a newspaper copy boy who outsmarts the professionals and solves a mystery in the Philadelphia of the 1890's. This is based on the classic tale by that master story-teller, Richard Harding Davis.

"Wonderful World of Color's" first four-parter is "Kilroy," a delightful and heart-warming comedy drama about a young Marine veteran who gets himself embroiled in the social and political life of a small town with hilarious and exciting results. Among the talented cast are Warren Berlinger, Celeste Holm, Allyn Joslyn, Bryan Russell, Joan Blondell and Jack Oakie.

The enthralling voices and fun-loving behavior of the internationally renowned young choral group, the Vienna Boys Choir, will be the delightful subject of the two-part, "Almost Angels," filmed against the opulent splendor of the music capital of the world.

Idaho's beautiful canyon area along the Snake River is the setting for the high-flying antics of "Ida, The Offbeat Eagle," and Wisconsin's picturesque lake country provides the backdrop for the misadventures of an otter named Snoop and his eight-year old boy pal.

The Magic Kingdom will be the star of the special "Disneyland 10th Anniversary" show which reviews the spectacular past, present and future of the international attraction.



Wind in the Willows



Almost Angels



LOOK TO THE NAME *Walt Disney* FOR THE FINEST IN FAMILY ENTERTAINMENT THE WORLD OVER